

The undersigned hereby affirms that this document submitted for recording does not contain personal information of any person or persons.

A.P.N. 1420-05-401-005

When Recorded Return to:  
Project LM, LLC  
P.O. Box 1724  
Carson City, NV 89702

DEED OF TRUST

THIS DEED OF TRUST, made this 9<sup>TH</sup> day of July, 2018, by and between JC VALLEY KNOLLS, LLC, a Nevada Limited Liability Company, hereinafter called "TRUSTOR" and whose address is 5400 Equity Avenue, Reno, Nevada 89502 and FIRST CENTENNIAL TITLE COMPANY OF NEVADA, hereinafter called "TRUSTEE", and PROJECT LM, LLC, a Nevada Limited Liability Company, hereinafter called "BENEFICIARY",

WITNESSETH:

That Trustor irrevocably grants, transfers and assigns to Trustee in trust, with power of sale, that property in the County of Douglas, State of Nevada, described as follows to wit:

See Exhibit "A" attached hereto and made a part hereof.

Together with rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits.

For the purpose of securing (1) payment of the sum of \$8,900,000.00, with interest thereon according to the terms of a promissory note or notes of even date herewith made

by Trustor, payable to order of Beneficiary, and all extensions or renewals thereof; and (2) the performance of each agreement of Trustor incorporated by reference or contained therein.

TO HAVE AND TO HOLD the said premises, together with all the improvements, tenements, hereditaments, and appurtenances thereto belonging, unto the said Trustee, and its successors and assigns, subject only to existing encumbrances of record.

IN AND UPON THE USES AND TRUST, HERINAFTER DECLARED, that is to say:

1. To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

2. Trustor covenants to keep all buildings that may now or at any time be on said property during the continuance of this trust in good repair and insured against loss by fire, with extended coverage endorsement, in a company or companies authorized to issue such insurance in the State of Nevada, and as may be approved by Beneficiary, for such sum or sums as shall equal the total indebtedness secured by this Deed of Trust and all obligations having priority over this Deed of Trust and shall be payable to Beneficiary to the amount of the unsatisfied obligation to Beneficiary hereby secured, and to deliver the policy to Beneficiary, or

to collection agent of Beneficiary, and in default thereof, Beneficiary may procure such insurance and/or make such repairs, and expend for either of such purposes such sum or sums as Beneficiary shall deem proper.

3. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

4. To pay at least ten (10) days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock, water rights and grazing privileges; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto, and all costs, fees and expenses of this trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor, and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof; Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien in which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

5. To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at five percent (5%) per annum.

6. That if the Trustor shall sell, convey or alienate said property, or any part thereof, or shall enter into any agreement for the same, or any interest therein, or shall be divested of title in any manner or way, whether voluntary or involuntary, or shall change its members or managers without the written consent of BENEFICIARY, any indebtedness or obligation secured hereby, irrespective of the maturity dates expressed in any notice evidencing the same, at the option of the holder hereof, and without demand or notice, shall immediately become due and payable. In the event the Trustor sells or otherwise disposes of the property the subject hereof and Beneficiary does not accelerate the indebtedness secured hereby, the new owner shall assume all obligations of this Deed of Trust and the obligations which it secures.

7. That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

8. That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part

thereof, in his own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

9. The following covenants, Nos. 1, 2 (amount of insurance on improvements shall be at least the sum of \$ \_\_\_\_\_), 3, 4 (interest 5%), 5, 6, 7 (counsel fees 5%), 8 and 9 of Nevada Revised Statutes 107.030 are hereby adopted and made a part of this Deed of Trust.

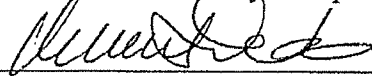
10. The covenants and conditions herein contained shall inure to the benefit of and bind the heirs, personal representatives, successors and assigns of the parties hereto.

11. The Trusts created herein are irrevocable.

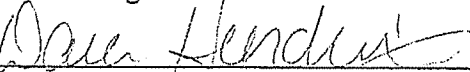
The undersigned Trustor requests that a copy of any notice of default and any notice of sale hereunder be mailed to it at its address hereinbefore set forth.

IN WITNESS WHEREOF, the Trustor has hereunto caused its execution of this Deed of Trust the day and year first above written.

JC VALLEY KNOLLS, LLC, a  
Nevada Limited Liability Company

By:   
Kenneth D. Hendrix

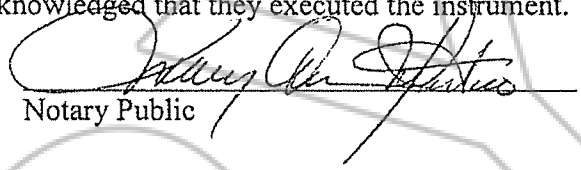
Title: Manager

By:   
Darci Hendrix

Title: Manager

STATE OF NEVADA        )  
                                  ) ss:  
Washoe County        )

On July 9, 2018, before me, a notary public, personally appeared KENNETH D. HENDRIX and DARCI HENDRIX, Managers of JC VALLEY KNOLLS, LLC, personally known to me to be the persons whose names are subscribed to the above instrument, and in their capacity as such, acknowledged that they executed the instrument.

  
Notary Public

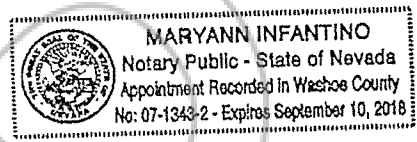


Exhibit A

All that certain real property situate within the Southwest  $\frac{1}{4}$  of Section 5 and the Northwest  $\frac{1}{4}$  of Section 8, Township 14 North, Range 20 East, MDM., Douglas County, Nevada, further described as a portion of that certain Patent Number N-75370, recorded as Document No. 676354, in the Official Records of Douglas County, Nevada, described as follows:

Section 5, Township 14 North, Range 20 East, MDM:

NW  $\frac{1}{4}$  SW  $\frac{1}{4}$  NE  $\frac{1}{4}$  SW  $\frac{1}{4}$  ;  
S  $\frac{1}{2}$  SW  $\frac{1}{4}$  NE  $\frac{1}{4}$  SW  $\frac{1}{4}$  ;  
SE  $\frac{1}{4}$  NW  $\frac{1}{4}$  SW  $\frac{1}{4}$  ;  
E  $\frac{1}{2}$  SE  $\frac{1}{4}$  SW  $\frac{1}{4}$ , SW  $\frac{1}{4}$  ;  
NW  $\frac{1}{4}$  SE  $\frac{1}{4}$  SW  $\frac{1}{4}$  SW  $\frac{1}{4}$  ;  
E  $\frac{1}{2}$  SW  $\frac{1}{4}$  SE  $\frac{1}{4}$  SW  $\frac{1}{4}$  SW  $\frac{1}{4}$  ;  
W  $\frac{1}{2}$  NW  $\frac{1}{4}$  SE  $\frac{1}{4}$  SW  $\frac{1}{4}$  ;  
W  $\frac{1}{2}$  SW  $\frac{1}{4}$  SE  $\frac{1}{4}$  SW  $\frac{1}{4}$  ;  
NE  $\frac{1}{4}$  SW  $\frac{1}{4}$  SW  $\frac{1}{4}$  ;

Section 8, Township 14 North, Range 20 East, MDM:

NE  $\frac{1}{4}$  NW  $\frac{1}{4}$

Note: the above legal description previously appeared in Boundary Line Adjustment Deed, recorded June 14, 2007, in Book 607, Page 4160, as Document No. 703023, of Official Records.

SPACE BELOW FOR RECORDER

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## ADDENDUM TO DEED OF TRUST

THIS ADDENDUM TO DEED OF TRUST ("Addendum") is attached to and incorporated in full to that certain Deed of Trust dated as of July 9, 2018 (the "Deed of Trust"), executed by JC VALLEY KNOLLS, LLC, a Nevada limited liability company, as trustor ("Trustor"), to First Centennial Title Company of Nevada, as trustee ("Trustee"), in favor of PROJECT LM, LLC, a Nevada limited liability company, as beneficiary ("Beneficiary"). Capitalized terms used herein shall have the same meanings as are given to them in the Deed of Trust, unless otherwise defined herein. In the event of any conflict between the provisions of this Addendum and the provisions of the Deed of Trust, the provisions of this Addendum shall govern.

1. Partial Releases. Notwithstanding anything to the contrary in the Deed of Trust, Beneficiary shall release the lien of the Deed of Trust from any lot or parcel designated by Trustor (the "**Designated Lot**"), in Trustors' sole and absolute discretion, provided Beneficiary shall not be required to release any such Designated Lot that is not a legal lot or parcel until (i) the map (or equivalent subdivision approval creating a legal lot or parcel) has been recorded for such Designated Lot, and (ii) Trustor has paid the Release Payment to Beneficiary. The term "**Release Payment**" means the greater of (A) \$115,000.00 per acre (prorated for any partial acres), or (B) \$46,000.00 per single family Designated Lot or (C) \$75,000.00 per multi-family Designated Lot. Any principal payment made by Trustor under Section 2.02(a) of the Note shall be credited as a Release Payment regardless whether such payment is made prior to or after the recordation of any map or series of maps for the Property. For example, if Trustor makes a required principal payment of Two Million Two Hundred Twenty Five Thousand Dollars (\$2,225,000.00) under Section 2.02(a) of the Note, then Trustor shall have the right to secure the release of one (1) or more Designated Lots thereafter designated by Trustor in its sole and absolute discretion (provided each such Designated Lot is a legal lot or parcel at the time such designation is made by Trustor). Beneficiary shall provide all necessary documents to effectuate such release within ten (10) days after Trustor's written request.

Beneficiary shall execute any and all documents reasonably requested by Trustor to effectuate the partial release of the lien of the Deed of Trust required under the terms of this Paragraph 1. Beneficiary shall reconvey its deed of trust on the balance of the Property and otherwise take all actions necessary to remove any interest of Beneficiary from record title of the Property at such time as the Promissory Note has been paid in full.

2. Development of the Property. Notwithstanding anything in the Deed of Trust to the contrary, nothing in the Deed of Trust shall limit or restrict Trustor's right: (A) to encumber the Property with additional liens, security interests or deeds of trust provided the same are subordinate to the Deed of Trust, and (B) to entitle, construct improvements upon, or otherwise develop the Property, and to otherwise take all reasonable actions affecting the Property in order to accomplish the same.



3. Assignments of Clearance Rights under CC&R's. If Beneficiary acquires title to any portion of the Property through the foreclosure of the lien of the Deed of Trust, then Trustor hereby agrees to assign to Beneficiary any and all rights of declarant under any covenants, conditions and restrictions then encumbering the Property (collective, the "CC&R's") to the extent such rights are assignable under such CC&R's and under all applicable laws relating to the Property.

IN WITNESS WHEREOF, Trustor and Beneficiary have caused this Addendum to be duly executed and delivered as of the date first written above in the Deed of Trust.

"Trustor"

JC VALLEY KNOLLS, LLC,  
a Nevada limited liability company

By: 

Kenneth D. Hendrix

Title: Manager

By: 

Darci Hendrix

Title: Manager

"Beneficiary"

PROJECT LM, LLC,  
a Nevada limited liability company

By: SIGNED IN COUNTERPART

Title:

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"Trustor"

JC VALLEY KNOLLS, LLC,  
a Nevada limited liability company

By: Signed in Counterpart  
Kenneth D. Hendrix

Title: Manager

By: Signed in Counterpart  
Darci Hendrix

Title: Manager

"Beneficiary"

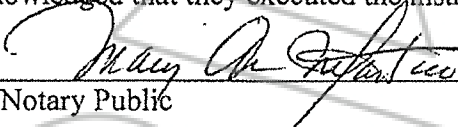
PROJECT LM, LLC,  
a Nevada limited liability company

By: KEITH SERPA

Title: Manager

STATE OF NEVADA )  
 ) ss.  
~~CARSON CITY WASHOE~~ )

On July 9, 2018, before me, a notary public, personally appeared KENNETH D. HENDRIX and DARCI HENDRIX, Managers of JC VALLEY KNOLLS, LLC, personally known to me to be the persons whose names are subscribed to the above instrument, and in their capacity as such, acknowledged that they executed the instrument.

  
\_\_\_\_\_  
Notary Public



STATE OF NEVADA )  
 ) ss.  
CARSON CITY )

On \_\_\_\_\_, 2018, before me, a notary public, personally appeared KEITH SERPA, Manager of PROJECT LM, LLC, personally known to me to be the person whose name is subscribed to the above instrument, and in his capacity as such, acknowledged that he executed the instrument.

\_\_\_\_\_  
Notary Public


STATE OF NEVADA        )  
                                  ) ss.  
CARSON CITY            )

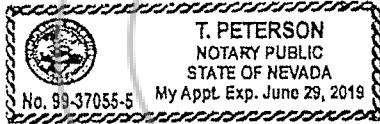
On \_\_\_\_\_, 2018, before me, a notary public, personally appeared KENNETH D. HENDRIX and DARCI HENDRIX, Managers of JC VALLEY KNOLLS, LLC, personally known to me to be the persons whose names are subscribed to the above instrument, and in their capacity as such, acknowledged that they executed the instrument.

\_\_\_\_\_  
Notary Public

STATE OF NEVADA        )  
                                  ) ss.  
DOUGLAS                )  
CARSON CITY            )

On July 10th, 2018, before me, a notary public, personally appeared KEITH SERPA, Manager of PROJECT LM, LLC, personally known to me to be the person whose name is subscribed to the above instrument, and in his capacity as such, acknowledged that he executed the instrument.

  
\_\_\_\_\_  
Notary Public



**EXHIBIT "A"**  
**Legal Description**

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SE  $\frac{1}{4}$  NW  $\frac{1}{4}$  SW  $\frac{1}{4}$  ;  
E  $\frac{1}{2}$  SE  $\frac{1}{4}$  SW  $\frac{1}{4}$ , SW  $\frac{1}{4}$  ;  
NW  $\frac{1}{4}$  SE  $\frac{1}{4}$  SW  $\frac{1}{4}$  SW  $\frac{1}{4}$  ;  
E  $\frac{1}{2}$  SW  $\frac{1}{4}$  SE  $\frac{1}{4}$  SW  $\frac{1}{4}$  SW  $\frac{1}{4}$  ;  
W  $\frac{1}{2}$  NW  $\frac{1}{4}$  SE  $\frac{1}{4}$  SW  $\frac{1}{4}$  ;  
W  $\frac{1}{2}$  SW  $\frac{1}{4}$  SE  $\frac{1}{4}$  SW  $\frac{1}{4}$  ;  
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Order Number: 00234472